

<p align="center">2003-2004 ANNUAL REPORT</p>

SPECIAL REVENUE FUNDS (CONT'D.)

Housing Trust Fund

The Housing Trust Fund was established to assist non-profit service providers and organizations by providing one-time grants for housing and homeless related projects.

***Housing
Trust Fund***

	Budget	Actual	Variance	Percent Variance
<i>Revenue</i>	\$ 2,173	\$ 1,091	\$ (1,082)	(49.8%)
<i>Expenditure</i>	2,854	976	1,878	65.8%
<i>Fund Balance (est. *)</i>	2,578 *	1,633	(945)	(36.7%)

This fund was established with an initial balance of almost \$2.0 million in one-time funds from the defeasance of 1983 through 1985 Single Family Mortgage Revenue Bonds. It has no identified source of ongoing funding. Over the years, however, additional funding has been allocated from various sources such as bond administration fees, tax credit application review fees, and in-lieu fees from housing developers in Redevelopment Project Areas, among others. These funding sources are, however, by their nature unpredictable.

In 2003-2004 the City received State approval for a \$1.5 million grant from Proposition 46 funds. The grant was contingent upon the City committing \$1.5 million in matching funds for new construction projects. The large revenue (\$1.1 million) and expenditure (\$1.9 million) variances in this fund was primarily due to various projects related to this grant which did not occur in 2003-2004, and therefore the reimbursement from Proposition 46 for project expenses that were associated with those projects was also deferred. The majority of the grant projects are now programmed to occur in 2004-2005 and 2005-2006, and the funds will be reimbursed to the City following the expenditure.

The 2003-2004 ending fund balance variance of \$945,000 is the result of lower than anticipated level of revenue collections. In developing the 2004-2005 Adopted Operating Budget, it was assumed that the revenue from Proposition 46 would be received in 2003-2004 for use in 2004-2005. Since this did not occur, included in this report is a recommendation to rebudget \$1.5 million in revenue. The expenditure for these projects has already been rebudgeted in the 2004-2005 Adopted Operating Budget.